MERCER

MODEL 2 PMPM ASSUMPTIONS AND METHODOLOGY AS OF DECEMBER 19, 2014

The per member per month (PMPM) is a payment from the State to the Lead Care Management Agencies (LCMAs) to support the Model 2 care management activities of the State's demonstration to integrate care for Medicare and Medicaid enrollees (MMEs). The PMPM will be paid monthly and prospectively to LCMAs in Model 2. This paper is intended to identify the factors that directly affect the PMPM.

Model Element	Definition	How it is Used in the Model
Total Eligibles	The number of MMEs that will be enrolled into Model 2	Currently assumed to be 20,000 MMEs. This will be refined when MME enrollment has been adjusted for MMEs that are already enrolled in a Medicare accountable care orgaization, will enroll into a behavioral health home, or receiving hospice care.
Take-up Rate	The rate at which MMEs will be enrolled into Model 2	Because the nature of the model is based on total cost of care management per member, take-up does not affect the PMPM.
MME Distribution by RUB/Risk Stratification	Represents the distribution of MMEs by Resource Utilization Band (RUB)	Based on the State's Medicaid and Medicare Crossover data from Care Analyzer. The values by RUB are aproximately 22% *very high*, 23% *high*, 40% *medium*, 5% *low*, and 10% *very low*.
Risk Stratified Member's Distribution of Care	Staffing assumptions for clinical and non-clinical care members of the care management team	Average staffing distribution for member care is currently 40% RN, 3.5% PA/NP/MD, and 5.5% LPN/LVN, 10% LMFT/LCSW/LPC, 18.5% Bachelor's level staff, and 22.5% other support staff. Each member will have a distribution of care ratio based on their risk stratification and all are subject to revision based on additional Mercer clinical and stakeholder input.
Caseload	The number of members per licensed staff in Model 2 that will provide care management	Current caseload assumptions are based on comparable duals demonstrations, but are subject to revision based on additional stakeholder input. The current assumptions by RUB are 50 to 1 for *very high*, 75 to 1 for *high*, 100 to 1 for *medium*, 250 to 1 for *low*, and 350 to 1 for *very low*.
Annual Wages	Connecticut Department of Labor (DOL) 1st Quarter 2014 State Occupational Employment and Wage Estimates	Salary data for clinical/non-clinical staff in the care team.The current salaries assumed in the model are the estimated 80th percentile based on CT DOL information.
Benefits Load	BLS June 2014 Employer Costs for Employee Compensation report	Currently assuming a benefits load of 30%.
Salary Trend	Annual increase in salary accounting for inflation	The current salary trend in the model is 3%. This represents the upper-end of comparable salary trends.

The model is currently constructed to develop a PMPM across all health neighborhoods. While the PMPM is calculated at the RUB level, it has been proposed that the PMPMs be blended together with one weighted average PMPM paid out to the LCMAs. This weighted average by LCMA would be based upon the LCMAs attributed membership distribution.

The table below displays the draft PMPMs for each year of the demonstration as of November 2014. These PMPMs are provided for comparison to the current draft rates.

Resource Utilization Band	Demonstration Year 1	Demonstration Year 2	Demonstration Year 3
Very High	$ 179.39	$ 184.77	$ 190.31
High	$ 128.13	$ 131.98	$ 135.94
Medium	$ 89.69	$ 92.38	$ 95.16
Low	$ 59.80	$ 61.59	$ 63.44
Very Low	$ 35.88	$ 36.95	$ 38.06
Average	$ 111.21	$ 114.54	$ 117.98

Some changes have been made to the pricing model since the estimates of November 2014. Notable changes include: 1) the removal of medication therapy management as a supplemental service 2) modified caseloads to reflect comparable duals demonstrations, and 3) the increase of expected salaries to the 80th percentile. These PMPMs are considered ***draft*** and are subject to change as model assumptions are further refined. The PMPMs below currently assume demonstration years beginning on or around March 1, 2015.

Resource Utilization Band	Demonstration Year 1	Demonstration Year 2	Demonstration Year 3
Very High	$ 186.64	$ 192.24	$ 198.01
High	$ 127.37	$ 131.19	$ 135.13
Medium	$ 91.63	$ 94.38	$ 97.21
Low	$ 38.82	$ 39.98	$ 41.18
Very Low	$ 27.48	$ 28.30	$ 29.15
Average	$ 111.58	$ 114.93	$ 118.38

The table below is designed to show expected person-to-person contact with members in Model 2 of the demonstration.

Please note: Estimates are for rate construction purposes only. Each member's care will be driven by assessment and plan of care. Touches will vary based on individual LCMA program implementation and plan of care.

Resource Utilization Band	Population Profile	Avergage Estimated Annual Interventions	
Very High	Multiple Chronic Diseases, co-morbid behavioral health conditions, long-term care needs; high risk for skilled facility placement, intense community resource needs, intense care coordiation needs	Intensive Care Management - 59 Falls Prevention - 11 Nutrition Counseling - 4 Chronic Disease Education - 12 Peer Supports / Recovery Assitance - 24	**Total Average Annual Touches - 110** **Total Average Monthly Touches - 9.2**
High	Multiple Chronic Diseases, co-morbid behavioral health conditions, long-term care needs, moderate risk of skilled facility placement, high community resource needs, high care coordiation needs	Intensive Care Management - 49 Falls Prevention - 11 Nutrition Counseling - 3 Chronic Disease Education - 9 Peer Supports / Recovery Assitance - 16	**Total Average Annual Touches - 88** **Total Average Monthly Touches - 7.3**
Medium	Chronic Diseases, co-morbid behavioral health conditions, moderate community resource needs, moderate care coordiation needs	Intensive Care Management - 32 Falls Prevention - 9 Nutrition Counseling - 2 Chronic Disease Education - 6 Peer Supports / Recovery Assitance - 12	**Total Average Annual Touches - 61** **Total Average Monthly Touches - 5.1**
Low	Controlled Chronic Diseases,controlled co-morbid behavioral health conditions, limited community resource needs, limited care coordiation needs	Intensive Care Management - 22 Falls Prevention - 1 Nutrition Counseling - 1 Chronic Disease Education - 4 Peer Supports / Recovery Assitance - 2	**Total Average Annual Touches - 30** **Total Average Monthly Touches - 2.5**
Very Low	Fully Controlled Chronic Diseases and/or co-morbid behavioral health conditions, very limited community resource needs, very limited care coordiation needs	Intensive Care Management - 18 Falls Prevention - 1 Nutrition Counseling - 1 Chronic Disease Education - 3 Peer Supports / Recovery Assitance - 2	**Total Average Annual Touches - 25** **Total Average Monthly Touches - 2.1**